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**Via Email**

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Re: Rio Grande LNG, LLC Semi-Annual Progress Report for FE Docket No. 15-190-LNG

Dear Ms. Moore:

Pursuant to Ordering Paragraph J of the U.S. Department of Energy Office of Fossil Energy's Order No. 3869 in FE Docket No. 15-190-LNG, please find attached Rio Grande LNG, LLC's Semi-Annual Progress Report for the period April through September 2017.

Should you have any questions about this filing, please feel free to contact the undersigned at (202) 339-8494.

Respectfully submitted,

/s/ Erik Swenson

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*Attorney for Rio Grande LNG, LLC*

Attachment

cc: larine.moore@hq.doe.gov

## Semi-Annual Progress Report

**DOE Docket/Order :** FE #15-190-LNG/Order 3869

**Reporting Period:** April through September, 2017

**Authorization Holder:** Rio Grande LNG, LLC ("RG LNG")

**Order Type:** Long Term Authorization (Free Trade Agreement Countries)

**Preparer of Report:** Shaun Davison

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### Project Status (Overview):

RG LNG's May 5, 2016 application to the Federal Energy Regulatory Commission ("FERC") for authorization under Section 3 of the Natural Gas Act ("NGA") (FERC Docket No. CP16-454-000) to site, own, operate and maintain natural gas liquefaction and LNG truck loading and marine export terminal facilities (collectively, "Terminal") remains pending, along with the associated Rio Bravo Pipeline Company, LLC ("RB Pipeline") application to FERC for a Section 7 NGA approval (FERC Docket No. CP16-455-000) of certain interstate natural gas pipeline facilities (such applications hereinafter collectively referred to as the "Application"). FERC is continuing to actively review the Application, as indicated by FERC's: (a) April 2017 entrance into a Memorandum of Understanding ("MOU") with RG LNG regarding the use of a third-party contractor by FERC in connection with FERC's National Environmental Policy Act ("NEPA") review of the Application and underlying LNG terminal project; (b) May 2017 Notice granting intervenor status to certain entities in the FERC Dockets for the Application ("Dockets"); (c) August 2017 issuance of an Environmental and Engineering Information Request ("EIR"); and (d) August 2017 posting of notes in the Dockets reflecting a conference call between representatives of FERC's Office of Energy Projects, the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA"), and RG LNG. For its part, RG LNG continues to actively pursue FERC approval (as demonstrated by the relevant items set forth below).

During the six month period April through September, 2017, steps taken by RG LNG and RB Pipeline (collectively, "RG Developers") to further develop the facilities required to implement the export of LNG authorized by Order 3869 include:

- 1) submitted to the Texas Commission on Environmental Quality (“TCEQ”) on September 22, 2017 additional information requested by TCEQ on July 26, 2017 regarding the Final Air Quality Analysis (“AQA”) Modeling Report (previously filed with the TCEQ) in support of the Terminal’s Prevention of Significant Deterioration (“PSD”) Air Quality Permit Application;
- 2) responded on August 22 and 23 and September 7, 15, and 22, 2017 to FERC’s August 2, 2017 EIR regarding the Terminal and RB Pipeline’s proposed pipeline system;
- 3) met on August 23, 2017 with U.S. Army Corps of Engineers representatives to discuss project status;
- 4) met on August 18, 2017 with U.S. Fish and Wildlife Service representatives to discuss project status;
- 5) participated on August 16, 2017 in a conference call with Texas Historical Commission regarding protection of historical resources;
- 6) participated in the previously mentioned August 15, 2017 conference call held by PHMSA to identify what information it needs in order to issue a letter confirming that RG LNG will have control of activities within thermal flux and flammable vapor exclusion zones at the Terminal site as required by PHMSA regulations;
- 7) submitted to FERC on July 17, 2017: (a) an updated Project Execution Schedule, replacing Appendix 1.C to the RG Developers’ Application; and (b) an updated summary of agency permit, approval and consultation activities, supplementing Appendix 1.E to the Application;
- 8) met with representatives of the National Ocean and Atmospheric Administration’s National Marine Fisheries Service Permits and Conservation Division on July 6, 2017 to provide project status and updates, and to present the preliminary acoustical modeling results and proposed potential mitigation measures with respect to same;
- 9) filed AQA Modeling Report for the Terminal with TCEQ on June 26, 2017;
- 10) responded on May 31, and June 1, 2, and 6, 2017 to questions from TCEQ regarding RB Pipeline’s air permit applications for the Compressor Stations and Interconnect Booster Stations;
- 11) met with representatives of the U.S. Fish and Wildlife Service (including Lower Rio Grande Valley and Laguna Atascosa National Wildlife Refuges) and the Texas Parks and Wildlife Department on May 2, 2017 to identify potential mitigation opportunities (intended to compensate for potential environmental impacts from construction and operation of the Terminal or RB Pipeline’s proposed pipeline system);
- 12) entered on April 27, 2017 into the previously mentioned MOU with FERC and made associated contractual arrangements with Millennium Engineering and Integration Company in order to provide a third-party contractor to FERC in connection with FERC’s NEPA review of the Application;
- 13) met with representatives of the U.S. Army Corps of Engineers (“USACE”) on April 20, 2017 to discuss the Terminal and RB Pipeline’s proposed pipeline system, the status of USACE’s review of RG LNG’s applications for permits under Section 404 of the Clean Water Act and Section 10 of the Rivers

and Harbors Act, and RG LNG's revised Conceptual Mitigation Plan (covering actions intended to mitigate for potential impacts to wetlands from construction and operation of the Terminal); and

14) submitted to FERC on April 7, 2017 RB Pipeline's air permit applications for Compressor Stations 1 and 2 and Interconnect Booster Stations 1 and 2, as previously filed with the TCEQ during March 2017.

With respect to significant actions by other governmental entities, the following developments occurred during the reporting period:

- a) Comments were submitted to FERC in April 2017 by the Brownsville Navigation District (a.k.a. "Port of Brownsville") with regard to RG LNG's Conceptual Mitigation Plan and the U.S. Environmental Protection Agency's November 14, 2016 comments upon such plan;
- b) TCEQ issued Standard Air Permits for RB Pipeline Compressor Stations 1 and 2 (received by RB Pipeline on June 26 and June 7, 2017, respectively);
- c) TCEQ issued Permit-By-Rule approvals of RB Pipeline Interconnect Booster Stations 1 and 2 (received by RB Pipeline on June 9 and June 7, 2017, respectively);
- d) TCEQ requested additional information regarding the AQA Modeling Report (previously filed by RG LNG with TCEQ in support of the Terminal's PSD Air Quality Permit Application) on July 26, 2017.

RG LNG continues to have pending applications with the TCEQ and USACE for related permits needed to proceed with the Terminal. All required permits and regulatory approvals are estimated to be issued by the end of the second quarter of 2018.

**Anticipated Facility Operational Date:**

Subject to the timing of key project milestones including amongst others, securing long term LNG sale contracts and gas supply, FERC approval and financing, we are targeting an operational start date in the first quarter of 2022.

**Status of long term LNG sale contacts**

As reported previously, RG LNG has publicly indicated that it has 27+ Mtpa of non-binding Heads of Agreements with multiple off-takers. Firm/binding long term Sale & Purchase Agreements (SPAs) for LNG supply (or other relevant off-take agreements) are expected to be concluded for the project once the FERC regulatory process has advanced further.

**Status of long term gas supply contracts**

The project has initiated meetings with gas producers and gas marketers. However, no long-term gas supply contracts were under negotiation or concluded during the applicable reporting period.

**Ownership**

As formally reported to the Department of Energy's Office of Fossil Energy ("DOE/FE") on August 23, 2017, RG LNG's parent company engaged in a merger transaction with Harmony Merger Corp., with the

surviving merger entity renamed to “NextDecade Corporation”. As more fully described in the August 23 filing, RG LNG’s immediate parent was renamed “NextDecade LNG, LLC” (formerly “NextDecade LLC”) and is now owned 100% by “NextDecade Corporation” (formerly “Harmony Merger Corp.”). While NextDecade, LLC was privately held, NextDecade Corporation is traded on the NASDAQ Stock Market (symbol: NEXT and NEXTW). The original owners of NextDecade LNG, LLC received 90.85% of the voting interests in NextDecade Corporation with the remaining 9.15% held by former owners of Harmony Merger Corp. or other public stockholders.

With regard to RG LNG’s pending application for authorization to export LNG to countries with which the U.S. lacks a Free Trade Agreement requiring national treatment of trade in natural gas (“Non-FTA Export Application”), the August 23 filing constituted an amendment of the Non-FTA Export Application. In accordance with the DOE/FE’s Procedures for Changes in Control Affecting Applications and Authorizations to Import or Export Natural Gas (“CIC Procedures”), as published in the Federal Register on November 5, 2014, the amendment to the Non-FTA Export Application took immediate effect, and because no answers to such amendment were filed with DOE/FE within 15 days of RG LNG’s service of such amendment on all parties to the DOE/FE’s Non-FTA Export Application docket and DOE has taken no independent action, such amendment continues in effect.

With regard to RG LNG’s existing authorization to export LNG to Free Trade Agreement Countries pursuant to Order 3869, in accordance with the CIC Procedures, the change in ownership was given immediate effect upon filing and DOE/FE will take no further action.